

# **OVERVIEW OF KEY REGULATORY ISSUES**

Presentation to

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CTIA – The Wireless Association®

February 16, 2006

# CTIA – THE WIRELESS ASSOCIATION®

- Has over 200 member companies, representing all facets of the industry – carriers, manufacturers, vendors, wireless data, content.
- Represents all sectors of wireless communications – cellular, personal communication services and enhanced specialized mobile radio services.
- Advocates for the industry at the FCC, in Congress, with the Administration, and in the States.
- Hosts two annual industry conferences.
- Supports the Wireless Foundation.
- Provides a certification program for wireless phones.

# CTIA ACTIVITIES

- Wireless AMBER Alerts
- Wireless Consumer Code
- Content Guidelines
- Business Continuity / Disaster Recovery Program
- Various Foundation Programs (Call to Protect, Get Wise About Wireless)

# THE U.S. WIRELESS INDUSTRY

By year-end 2004, 183 wireless companies served 182 million customers nationwide – 60.9% of all Americans. That's an increase of 87% from June 2000.

By midyear 2005, there were 194.5 million customers nationwide – 65% of all Americans.

For 2005, the industry passed 1 trillion minutes of use.

The FCC has found that 97% of Americans live in counties in which three or more wireless service providers offer services, and 87% in counties where five or more wireless providers offer service.

# WIRELESS IN RURAL AMERICA

- In 2004, the BLS reported that household wireless penetration in rural America was 50.5%.
- Counties with populations of less than 100 people per square mile have access to an average of 3.7 mobile providers.

# THE CMRS REGULATORY MODEL

- The FCC's regulatory model for CMRS services has been hugely successful, leading to billions of dollars in investment, the deployment of new technologies and innovative services, and the expansion of capacity in response to growing demand.
- In order to ensure that this track record of success continues, the Commission should:
  - Ensure that wireless carriers have access to more licensed spectrum.
  - Maintain the exclusive use, flexible rights model, while protecting licensees from harmful interference.
  - Promote policies that facilitate more efficient use of scarce spectrum.
  - Eliminate regulations that impose unreasonable costs on the industry and/or favor one technology platform over another.
  - Rely primarily on industry led solutions for addressing public interest issues, such as content, accessibility, and consumer protection.

# KEY REGULATORY ISSUES

- National Regulatory Framework
  - Truth-in-Billing
  - Early Termination Fees
- Spectrum
- Intercarrier Compensation
- Universal Service

# NATIONAL REGULATORY FRAMEWORK

- The CMRS industry, a competitive industry which operates without regard to jurisdictional boundaries, is facing an environment that will negatively impact consumers – differing regulation in each state.
- The FCC should declare that wireless carrier early termination fees are “rates” subject to exclusive federal jurisdiction under section 332(c)(3) of the Act.
- The FCC should preempt state truth-in-billing regulations, and if necessary to address instances of market failure, adopt federal regulations modeled on the CTIA Consumer Code for wireless.
- States would still have the ability to enforce state consumer protection statutes of general applicability (e.g., fraud statutes).

# SPECTRUM ISSUES

- **Advanced Wireless Services**
  - Wireless voice alone justifies the need for more spectrum, and wireless data penetration in the U.S. is projected to top 50% within five years.
  - CTIA supports a June 2006 date for the auction of spectrum in the 1710-1755 and 2110-2155 MHz bands.
  - CTIA supports resolution of any outstanding issues that will necessarily impact the auction (e.g., BRS relocation).
- **Base Station Radiated Power Limits**
  - CTIA has proposed modifications to Part 22 PCS and Part 24 AWS base station radiated power limits to provide the option of a power spectral density limit.
  - These modifications could change the economics of mobile wireless broadband deployment in rural areas.
- **Spectrum Management**
  - CTIA supports the Continental Airlines petition asking the FCC to prohibit the Massachusetts Port Authority from exerting exclusive control over a tenant's provision of unlicensed WiFi services at Boston-Logan Airport.
  - Massport's actions undermine sound spectrum management policies limiting exclusive use of spectrum to entities that have obtained licenses from the FCC.

# INTERCONNECTION

- Intercarrier compensation is a significant cost for the wireless industry that impacts its ability to serve customers on an even footing with wireline carriers – particularly in rural areas.
- The FCC should seize the opportunity presented by the Intercarrier Compensation Reform Proceeding and adopt lasting reforms that accommodate a highly-competitive, multidimensional telecommunications marketplace.
- Intercarrier compensation reform should be guided by certain key principles relating to consumer choice, efficiency, the elimination of regulatory distinctions, and administrative simplicity.
- CTIA's Mutually Efficient Traffic Exchange ("METE") Proposal would achieve each of the FCC's stated goals for reform.

# UNIVERSAL SERVICE

- The FCC should adopt a numbers- and capacity-based universal service contribution methodology, that addresses the concerns of residential customers and small businesses.
- The FCC and the Joint Board should support fundamental reforms to the high-cost universal service support mechanisms to better target support, encourage and reward efficiency, and simplify administration.
- CTIA has proposed transitioning from the current five high-cost universal service mechanisms that mostly calculate support based on incumbent LEC embedded costs to one high-cost universal service mechanism that calculates support for qualified incumbents and competitors based on the costs of the most efficient technology for a given geographic area.
- The FCC should refrain from adopting proposals to discriminate against wireless carriers serving consumers in rural areas.
- The FCC also should consider other reforms that improve the integrity of the universal service system.